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IF 2013-2014 PAYSON WATER COMPANY RATE CASE**Docket #W-03514A-13-0111****W-03514A-13-0142**

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1. It appears very likely that PWC has "created a crisis" in order to "solve the crisis" via a costly Cragin water solution. A criminal investigation should be conducted.
2. Late delivery of the Public Notice prior to the Phase 1 Hearing essentially guaranteed that ratepayer intervention could not possibly occur during Phase 1, as set forth via AAC Rule R14-3-105. A Decision was rendered in Phase 1 to approve financing for a Town of Payson/Mesa del Caballo interconnect pipeline project costing \$275,000.
3. The cost for that \$275,000 project is currently being sought from the customers of MdC, but *may be* embedded in base rates for ALL Payson Water Company customers at the next rate Hearing, which is to be filed before 06/30/2017. The Company will also be pursuing more Cragin water related costs at that next rate hearing.
4. The large rate increase that is proposed in the current case is stated to be based on the Company's "cost of service" over all 8 systems, but there are questionably high expenses that have been significantly higher since 2008, when the Company first expressed their interest in pursuing Cragin water resources. There has been a **591.8%** increase in Miscellaneous Expenses from 2001-2012, significantly higher in the period 2008-2012. Repairs and Maintenance costs are also notably higher over 2008-2012 than they were during 2001-2007.
5. There are numerous other accounting and water use data irregularities noted throughout the evidence in this case, too many to accept the Company's claims as sound. Yet the data was accepted and used by the ACC Staff in making the rate design proposals, despite their acknowledgment of these irregularities.
6. The ratepayers of Mesa del Caballo have suffered **HUGE** water bills and severe water restrictions for the last 3 summers after the ACC granted the Company a Water Augmentation Tariff in 2010, Decision #71902. The Company hauled water to that Community at great expense to the people there, approximately \$40,000 in 2012 and around \$88,000 in 2013. The tariff authorizing this was based on **FALSE** information submitted by the Company... 3 wells that are not in MdC, *not even in Gila County* were claimed to have been the Company's wells in MdC that significantly dropped production in July 2009. The ACC apparently did not detect this falsehood.
7. In 2010, the Company commissioned an Engineering Study to investigate whether drilling new wells or deepening existing wells in MdC had potential, which resulted in a report by a Registered Geologist that stated that "production wells completed to depths up to 500 feet will be in the 10 to 25 gpm range."
8. Private individuals in MdC have drilled new wells, 9 new wells since 2011, and all have found water at depths between 120 and 276 feet below ground, with production between 5 and 15 gpm, as predicted by the Engineering Study.
9. Payson Water Company has not taken any action to mitigate the damages caused by water hauling exercises via drilling new wells or deepening existing wells (at costs \approx \$10,000-\$12,000 per well) or adding additional storage tanks.
10. The Star Valley/Quail Valley system was sold in a condemnation sale in 2012 and the Company received a payment of \$775,000 for that plant. During 2013, the Company paid a dividend of \$352,206 to the former shareholder (Brooke Utilities) before the Company was sold to Jason Williamson of JW Water Holdings on 06/01/2013.
11. The Company claims a dire financial condition, as the bank accounts were empty when the ownership changed on 06/01/2013, however, the paying of that dividend contributed to the financial distress that they complain of. It is unknown if there was any agreement between the former owner and the new owner on the payment of that dividend.

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More information is available by visiting the Arizona Corporation Commission website at: www.azac.gov, click on "edocket" and enter the Docket # into the search field: W-03514A-13-0111. You can also watch archived videos from the Hearings by clicking on "Live Meeting Broadcast" and entering the Docket # there.

DOCKETED BY

The new rates proposed (currently agreed to by PWC & the ACC) are as follows:

Base Rate (5/8 x 3/4" meter)	\$23.00 / month
1-3,000 gallons	\$4.00/1,000 gallons
3,001-10,000 gallons	\$7.66/1,000 gallons
10,001 + gallons	\$9.62/1,000 gallons

The current rates are as follows: For all communities except Gisela/Tonto Creek Shores:

Base Rate (5/8 x 3/4" meter)	\$16.00 / month
1-4,000 gallons	\$1.93/1,000 gallons
4,001 + gallons	\$2.99/1,000 gallons

The current rates for Gisela/Tonto Creek Shores:

Base Rate (5/8 x 3/4" meter)	\$17.00 / month
All gallons (no limit)	\$1.48/1,000 gallons

An accurate depiction of the proposed new rates on a full-time, 2 person household using 100 gallons of water per day per person would be:

<u>System Name</u>	<u>Full-time Residents</u> <u>Avg. Monthly Usage - 2 persons</u>	<u>Average Monthly Bill Impact</u>
Mead Ranch	6,000 gallons	From \$29.70 to \$57.99 or 95%
East Verde Estates	6,000 gallons	From \$29.70 to \$57.99 or 95%
Flowing Springs	6,000 gallons	From \$29.70 to \$57.99 or 95%
Geronimo Estates/Elusive Acres	6,000 gallons	From \$29.70 to \$57.99 or 95%
Mesa del Caballo	6,000 gallons	From \$29.70 to \$57.99 or 95%
Whispering Pines	6,000 gallons	From \$29.70 to \$57.99 or 95%
Deer Creek Village	6,000 gallons	From \$29.70 to \$57.99 or 95%
Gisela/Tonto Creek Shores	6,000 gallons	From \$25.88 to \$57.99 or 124%

Similarly, for a full-time, 4 person household using 100 gallons of water per day per person, the proposed new rates will have the following impact:

<u>System Name</u>	<u>Full-time Residents</u> <u>Avg. Monthly Usage - 4 persons</u>	<u>Average Monthly Bill Impact</u>
Mead Ranch	12,000 gallons	From \$47.64 to \$107.88 or 126%
East Verde Estates	12,000 gallons	From \$47.64 to \$107.88 or 126%
Flowing Springs	12,000 gallons	From \$47.64 to \$107.88 or 126%
Geronimo Estates/Elusive Acres	12,000 gallons	From \$47.64 to \$107.88 or 126%
Mesa del Caballo	12,000 gallons	From \$47.64 to \$107.88 or 126%
Whispering Pines	12,000 gallons	From \$47.64 to \$107.88 or 126%
Deer Creek Village	12,000 gallons	From \$47.64 to \$107.88 or 126%
Gisela/Tonto Creek Shores	12,000 gallons	From \$34.76 to \$107.88 or 210%

Beth Ann Tatum